

CHAPTER NO. 684

SENATE BILL NO. 1218

By Cooper

Substituted for: House Bill No. 1237

By Gunnels, Ford, Williams, Phelan, Mumpower, John DeBerry

AN ACT To amend Tennessee Code Annotated, Section 45-5-403, for the sole purpose of permitting registrants to establish and charge an alternative set of charges for loans of not more than one thousand dollars (\$1,000).

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-5-403, is amended by designating the existing language as subsection (a) and by adding the following new subsection:

(b)(1) As an alternative to the loan charges permitted under subsection (a) and interest permitted under Section 45-5-301, a registrant may charge loan charges in amounts no greater than, the following:

(A) On any loan of an amount of one hundred dollars (\$100) or more up to and including the amount of three hundred dollars (\$300), there shall be allowed an acquisition charge for making the loan not in excess of seven and one half percent (7.5%) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed twelve dollars (\$12.00) per month.

(B) On any loan of an amount in excess of three hundred dollars (\$300) but not more than four hundred dollars (\$400), there shall be allowed an acquisition charge for making the loan not in excess of seven and one half percent (7.5%) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed fourteen dollars (\$14.00) per month.

(C) On any loan of an amount in excess of four hundred dollars (\$400) but not more than five hundred dollars (\$500), there shall be allowed an acquisition charge for making the loan not in excess of seven and one half percent (7.5%) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed sixteen dollars (\$16.00) per month.

(D) On any loan of an amount in excess of five hundred dollars (\$500) but not more than eight hundred dollars (\$800), there shall be allowed an acquisition charge for making the loan not in excess of seven and one half percent (7.5%) of the amount of the principal. In addition thereto, an installment account handling charge shall be allowed not to exceed seventeen dollars (\$17.00) per month.

(E) On any loan of an amount in excess of eight hundred dollars (\$800) but not more than one thousand dollars (\$1000), there shall be allowed an acquisition charge for making the loan not in excess of seven and one half percent (7.5%) of the amount of the principal. In addition

thereto, an installment account handling charge shall be allowed not to exceed twenty dollars (\$20.00) per month.

(2) The minimum term of any loan made under this subsection is three (3) months. The maximum term of any loan made under this subsection is twelve (12) months.

(3) On the prepayment of any loan under this subsection, the installment account handling charges are subject to the provisions of Tennessee Code Annotated, §45-5-402 as it relates to refunds; provided, however, for the purpose of calculating the rebate due, the term of the loan begins on the date the loan is made.

(4) On any loan established under this subsection, no insurance charge or any other charge of any nature whatsoever is permitted except as provided in this subsection and except for the delinquent charge under subdivision (a)(4) of this section, the reasonable attorney fee and costs charge under subdivision (a)(6) of this section and the bad check charge under subdivision (a)(7) of this section.


(5) In a civil action a finding by the court that a registrant has violated this subsection gives rise to a rebuttable presumption that such violation constitutes unconscionable conduct under Tennessee Code Annotated, Section 47-14-117(c), and the registrant is subject to the remedies thereunder.

(6) The loan charges allowed under this subsection may not be imposed on a loan to a borrower who has one (1) or more loans outstanding with the same registrant or an affiliated lender and upon which loan charges were imposed under subsection (a).

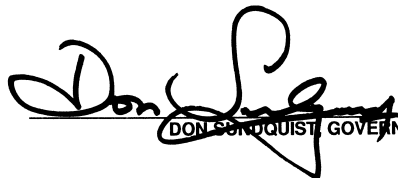
SECTION 2. This act shall take effect July 1, 2000, the public welfare requiring it.

PASSED: May 4, 2000


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 9th day of May 2000


DON SUNDQUIST, GOVERNOR